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FISCAL IMPACT STATEMENT

LS 7108

BILL NUMBER: HB 1522

NOTE PREPARED: Feb 28, 2005

BILL AMENDED: Feb 24, 2005

SUBJECT: Gaming Agents.

FIRST AUTHOR: Rep. Alderman

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: (Amended) The bill requires the Indiana Gaming Commission to employ its own gaming agents to perform certain statutory duties and removes the Commission's authority to contract with others for the performance of those duties. The bill provides that gaming agents who complete a pre-basic training course and any other courses established by the Gaming Commission may exercise certain police powers without completing the basic training course provided at the law enforcement academies. It provides that gaming agents are members of the State Excise Police and Conservation Officers' Retirement Plan. The bill also makes other conforming changes.

Effective Date: July 1, 2005.

Explanation of State Expenditures: (Revised) The bill would result in a transfer of investigative and enforcement positions from the Indiana State Police (ISP) to the Indiana Gaming Commission (IGC). The IGC would not experience an increase in administrative expenses due to the transfer of these positions, however, because it currently obtains investigative and enforcement services necessary for riverboat operations through an interagency agreement with the ISP. The salary, fringe benefit, and equipment costs relating to these investigative and enforcement services provided by the ISP is annually reimbursed by the IGC. The money for this reimbursement is obtained by the IGC from the riverboat owners and, for license-related investigations, from the licensees themselves. Under the bill, these costs would continue to be reimbursed by the riverboat owners and licensees.

In contrast, the ISP would experience a reduction in administrative expenses as gaming enforcement personnel are released or are reassigned to vacant positions. According to the February 2, 2005, state staffing table 105 enforcement officers are employed by the ISP in the Gaming Enforcement Division. However, reductions in Gaming Enforcement Division personnel could potentially be accomplished through reassignment of these personnel to currently vacant

enforcement positions in the ISP and positions vacated through normal attrition. Excluding vacancies in the Gaming Enforcement Division, the February 21, 2005 state vacancy report indicates that the ISP has 123 vacant enforcement positions, including 68 at the rank of Trooper and 42 at the rank of Sergeant. (This total does not include 50 Trooper Recruit positions also reported as vacant.) In addition, the ISP experienced the following attrition through retirements and resignations of enforcement personnel during the last three years: 60 in 2002; 42 in 2003; and 62 in 2004. It is also important to note that according to the December 27, 2004, state vacancy report, the State Police Department had a total 124 vacant enforcement officer positions outside the Gaming Enforcement Division, including 48 at the rank of Sergeant and 51 at the rank of Trooper.

Background Information: The February 2, 2005, state staffing table indicates that the ISP Gaming Enforcement Division comprises 111 enforcement officer positions, six of which are vacant; and 8 civilian support positions, 6 of which are vacant. According to the staffing table, the current annual cost of salary for Division employees is about \$4.9 M. Assuming an additional 37% in cost for fringe benefits (about \$1.8 M), total annual salary and benefit cost of the current staffing of the ISP's Gaming Enforcement Division is estimated to total about \$6.7 M.

The Gaming Enforcement Division is comprised of two units: (1) the Background Investigative Unit (BIU); and (2) the Riverboat Investigative Unit (RIU). The BIU is responsible for conducting background investigations of the owners, key management personnel, and employees of the riverboat license holders and applicants, as well as riverboat supplier license holders and applicants. In addition, the BIU assists the RIU in long-term detailed gaming investigations; the financial evaluation of companies who apply for licenses to ensure they have sufficient resources to provide gaming services; and the investigation of corporate purchasers' "buy-outs" of previous owners. The RIU is responsible for serving as the enforcement arm of the Indiana Gaming Commission on Indiana's ten riverboats. RIU personnel investigate violations of state law and Indiana Gaming Commission rules. The State Police currently utilizes a one-year rotation system to fill vacancies within the RIU. (The BIU is permanently staffed.) It fills approximately 85% through a competitive process and approximately 15% through a lottery system.

Explanation of State Revenues: The Indiana Gaming Commission currently reimburses the State Police for the cost of the Gaming Enforcement Division. The money for this reimbursement is obtained by the IGC from the riverboat owners and, for license-related investigations, from the licensees themselves.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: State Police; Indiana Gaming Commission.

Local Agencies Affected:

Information Sources: Indiana State Police, *2002 Annual Report & 2003 Annual Report*. Bradley Scully, Indiana State Police, 317-232-6265

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